

Message Text

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41

ACTION AGR-08

INFO OCT-01 AF-06 ARA-06 EUR-12 NEA-09 ISO-00 CIAE-00

COME-00 EB-07 INR-07 LAB-04 NSAE-00 SP-02 STR-01

TRSE-00 CIEP-01 FRB-03 OMB-01 SS-15 NSC-05 L-02 H-01

/091 W

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R 191400Z FEB 75

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 6288

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY DAMASCUS

AMEMBASSY GUATEMALA

AMEMBASSY ISLAMABAD

AMEMBASSY MEXICO

AMEMBASSY SAN SALVADOR

AMEMBASSY TEHRAN

AMEMBASSY CAIRO

AMEMBASSY DAR ES SALAAM

AMEMBASSY KHARTOUM

AMEMBASSY LA PAZ

AMEMBASSY LIMA

AMEMBASSY NDJAMENA

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EO 11652: N/A

TAGS: EAGR, ETRD, NU

SUBJECT: COTTON STOCK AND PRICE PROBLEMS

REF STATE 032744

1. NATIONAL COTTON COMMISSION IS WRITING TO COTTON EXCHANGES

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IN HOUSTON, NEW YORK, BREMEN, LIVERPOOL AND OSAKA

COMPLAINING ABOUT LOWER PRICES FOR NICARAGUAN COTTON
(E.G. SALVADOREAN \$5.25 CWT AND GUATEMALAN COTTON \$4.54 CWT
ABOVE NICARAGUAN COTTON) AND ASKING FOR REASONS. COMMISSION
DIRECTOR ESTIMATES 100,;20 BALES HAVE BEEN SOLD TO DATE
(CROP 580,000 TO 630,000). PRICES FIRST AND SECOND
WEEKS JANUARY WERE \$37.00 PER CWT FOB NICARAGUA,
THIRD WEEK \$36.25, FOURTH WEEK \$34.75, FIRST WEEK
IN FEBRUARY \$34.50, SECOND WEEK \$35.50. NICARAGUAN
PRICES GOVERNED BY OSAKA EXCHANGE.

2. GOVERNMENT OF NICARAGUA DOES NOT SUBSIDIZE COTTON
EXPORTS OR INTERVENE SO FAR IN MARKETING.

3. U.S. COTTON BROKERS ARE MEETING IN MANAGUA WITH
PRESIDENT AND INDUSTRY REPRESENTATIVES FEB. 22 TO SEEK
BETTER MARKETING ARRANGEMENTS AS WELL AS PRICES.

4. COMMENT: NICARAGUAN COTTON TRADITIONALLY SELLS
BELOW OTHER CA SOURCES BUT SPREAD APPEARS TO HAVE
INCREASED. PROBLEM MAY STEM IN PART FROM CONTRACT
DIFFICULTIES BETWEEN NICARAGUAN PRODUCERS AND FOREIGN
BROKERS LAST YEAR. GON INTERVENTION THEN SAVED BROKERS
FROM CONSIDERABLE LOSSES AND WE UNDERSTAND THAT THEY ARE
NOW FAVORABLY DISPOSED TO HELP AS FAR AS THEY CAN RESOLVE
NICARAGUAN MARKETING PROBLEMS. BREAK-EVEN PRICE FOR
NICARAGUAN 1974-75 COTTON CROP IS ESTIMATED AT \$40 CWT
FOB AND IF TRUE LOSSES ARE BEING SUFFERED AT PRESENT PRICES.
SHELTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COTTON, EXPORT PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 19 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MANAGU00687
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750059-0492
From: MANAGUA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750232/aaaabcnh.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AGR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 032744
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAY 2003 by BoyleJA>; APPROVED <29 MAY 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COTTON STOCK AND PRICE PROBLEMS
TAGS: EAGR, ETRD, NU, XX
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006